

years or at 1 percent \$558 billion over 10 years. That money has already been designated to pay for benefits for future retirees, not to mention the fact that we do not have \$1 trillion left because it has been spent on the tax issues.

One option affected seniors' benefits to such a degree that the Wall Street Journal wrote, "Benefit options would be changed in so many ways that grandma's head would spin." The President's guidelines also leave only one option for supporters of privatizing Social Security, and that would be to cut seniors' Social Security benefits.

Why in the face of a recession and the impending retirement of baby boomers would we take the money to be paid to future retirees and gamble on it? I ask the American people that question. I hope we stay tuned for this debate on privatization and we say "no" to privatization.

The SPEAKER pro tempore (Mr. JEFF MILLER of Florida). Under a previous order of the House, the gentlewoman from the District of Columbia (Ms. NORTON) is recognized for 5 minutes.

(Ms. NORTON addressed the House. Her remarks will appear hereafter in the Extensions of Remarks.)

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from California (Ms. LOFGREN) is recognized for 5 minutes.

(Ms. LOFGREN addressed the House. Her remarks will appear hereafter in the Extensions of Remarks.)

IMPACT OF SOCIAL SECURITY PRIVATIZATION ON AFRICAN AMERICAN WOMEN

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from Texas (Ms. EDDIE BERNICE JOHNSON) is recognized for 5 minutes.

Ms. EDDIE BERNICE JOHNSON of Texas. Mr. Speaker, I rise today to address the devastating impact that privatizing Social Security would have on women, most especially African American women.

Social Security is particularly important to women, especially in my home State of Texas. Without these vital retirement benefits, 564,000 women in the Lone Star State would be classified as poor according to a report released by the Senate for budget policy and priorities.

Currently, Social Security benefits are progressive, that is, those with low wages receive a larger percentage of benefits relative to their earnings than higher-income individuals do. This system of progressivity, combined with a cost-of-living adjustment that increases benefits every year, strengthens the safety net for those who are the most economically disadvantaged.

Privatization flows from concerns that many people have about the fu-

ture of Social Security. Some of those concerns are founded and some may not be. We are all well aware that as the post-war baby boom generation ages, the numbers of retirees relative to the number of workers will increase. These are facts that cannot be changed. However, modest changes implemented immediately can give people time to plan for the future and would take us a long way toward resolving the issue.

Privatizing Social Security is the most radical change, and it assumes that there is magic in diverting some portion of the current Social Security payroll taxes into the private markets. I hope that people who have money in the private markets understand what happened in the last year or so. Most privatization plans propose to strip a few percentage points off the Social Security payroll taxes and divert them to the private individual investment accounts. Most people happily focus on the vision of a few dollars a month growing into millions of dollars over time. Just ask me and a few others who have put small amounts of money on the market, that is lost. Unfortunately, this is a dream and not a reality as we have witnessed in the common stock market.

There are three very important things that should be considered when privatizing Social Security benefits: first, the huge cuts in benefits which would be required under the privatization plans, most as large as a 60 percent cut in Social Security benefits. For people with large savings from other sources, that may not seem like much; but for most Americans, it would be a drastic reduction in the protections they have come to rely on. That means many of the women of which I speak depend solely on Social Security as their retirement pension income.

Next, privatization would be a major change in who bears the risk of saving for retirement. Privatization would shift nearly all of the risk to the individual. People who are unwise or unlucky in their investments would suffer. We saw many examples of this in the recent stock market failures.

Finally, privatization would increase the Federal deficit by more than \$1 trillion over the next 10 years. Taking a mere 2 percent of payroll taxes away from the trust fund would double or triple the size of the deficit. This effect is what some people trivialize as transition costs. I do not believe it is trivial, and given the other concerns which privatization raises, I think we should look long and hard before we lapse and leap into the wrong direction.

How do African American women fair in privatization proposals floating around in the country? Not good at all. Although black women typically live longer lives, their lifetime earnings are usually much lower than their white counterparts. Under privatization, this lower level would mean black women would be forced to live longer on a

smaller amount of money, and they cannot get by with what it is now. They have to make a choice between food or medicine.

Hugh Price, president of the National Urban League, and Julian Bond, chair of the National Association for the Advancement of Colored People, wrote an editorial in the New York Times on July 26, 2001, addressing African American women and Social Security. They found that guaranteed government assistance is essential to the African American community. While African Americans make up only 12 percent of the general population, they make up 17 percent of all Americans receiving Social Security benefits and 22 percent of all children's survivor benefits.

At this point I will insert my entire statement into the RECORD.

Ms. EDDIE BERNICE JOHNSON of Texas. Mr. Speaker, I rise today to address the devastating impact that privatizing Social Security will have on women, especially African American Women.

Social Security is particularly important to women, especially in my home state of Texas. Without these vital retirement benefits, 564,000 women in the Lone Star State would be classified as poor, according to a report released by the Center for Budget and Policy Priorities.

Currently, Social Security benefits are progressive; that is, those with low wages receive a larger percentage of benefits relative to their earnings than higher income individuals do. This system of progressivity, combined with a cost-of-living adjustment that increases benefits every year, strengthens the safety net for those who are the most economically disadvantaged.

Privatization flows from concerns that many people have about the future of Social Security. Some of those concerns are founded and some are not. We are all well aware that as the post-war baby boom generation ages, the number of retirees relative to the number of workers will increase. These are facts that cannot be changed. However, modest changes, implemented immediately, can give people time to plan for the future and would take us a long way toward resolving the issue.

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